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UNCLAS ROME 002182

SIPDIS

SENSITIVE

STATE PASS USTR FOR BURCKY

E.O. 12958: N/A

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SUBJECT: ITALY - 2003 SPECIAL 301 NOTIFICATION

REF: STATE 111508

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1. (SBU) ON MAY 6, ECONCOUNS CALLED ON MAURO MASI, DEPUTY SECRETARY GENERAL FOR THE PRIME MINISTER'S OFFICE AND

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EXTRAORDINARY COMMISSIONER OF SIAE (THE COPYRIGHT ROYALTY COLLECTING SOCIETY), REGARDING THE SPECIAL 301 NOTIFICATION FOR ITALY (REFTEL). MASI WAS NOT SURPRISED BY THE DECISION TO KEEP ITALY ON THE WATCH LIST. HE WAS WELL AWARE OF THE REASONS BEHIND THIS DECISION. HE INDICATED THAT THE GOI IS FULLY COMMITTED TO PURSUING IPR PROTECTION. MOREOVER, MASI POINTED TO THE SERIOUS ENFORCEMENT EFFORTS THAT HAVE BEEN MADE BY THE GUARDIA DI FINANZA (FINANCE POLICE). MASI ACKNOWLEDGED THAT ITALY'S FUNDAMENTAL PROBLEM WITH PIRACY RESULTS FROM INCONSISTENCY IN COURT RULINGS AND THE RELUCTANCE OF JUDGES TO TREAT IPR VIOLATIONS AS SERIOUS OFFENCES. MASI BELIEVED THAT THE ITALIAN PUBLIC WAS COMING TO APPRECIATE IMPORTANCE OF IPR AND WAS LESS PRONE TO PURCHASING PIRATED MATERIALS. WHILE HE KNEW THAT SUCH CHANGES IN MENTALITY WOULD TAKE TIME, HE FELT THAT THE IMPROVEMENT WAS QUITE REAL

2. (SBU) THE DISCUSSION THEN TURNED TO WHETHER COPYRIGHTED MATERIAL SHOULD BE REQUIRED TO HAVE (AND PAY FOR) A SIAE STICKER. ECONCOUNS EXPLAINED THAT THIS METHOD PUT THE BURDEN OF EFFORT AND COST ON THE INDUSTRY - ALREADY THE VICTIMS OF PIRACY. MASI STATED HIS LONGSTANDING POSITION THAT THE SIAE STICKER IS THE BEST WAY TO ENSURE THAT PRODUCTS OFFERED TO THE PUBLIC ARE LEGITIMATE. WHILE MASI ADDED THAT, WHILE HE WAS NOT FULLY CONVINCED BY THE BUSINESS SOFTWARE ALLIANCE'S (BSA) ARGUMENT THAT BUSINESS SOFTWARE SHOULD BE EXEMPT FROM THE STICKER REQUIREMENT, THE GOI HAD DONE ALL WITHIN ITS POWER OF AMENDING REGULATIONS TO SATISFY BSA'S REQUESTS. ANY FURTHER ACTION WOULD HAVE TO BE ACHIEVED BY AMENDING EXISTING LEGISLATION "WHICH OF COURSE IS A MUCH MORE COMPLEX PROCEDURE."

3. (SBU) MASI TOLD ECONCOUNS THAT HE PLANNED TO PRESENT SIGNIFICANT DRAFT IPR LEGISLATION TO PARLIAMENT DURING 2003. HE WOULD BE WILLING TO SHARE THESE DRAFTS WITH THE USG AS THEY ARE DEVELOPED, AND TO CONSIDER USG COMMENTS. AT THIS POINT, HOWEVER, HE DID NOT WISH TO GIVE ANY INDICATION AS TO THE NATURE OF THE PROPOSALS.

4. (SBU) MASI HAS BEEN FOR SEVERAL YEARS THE CARETAKER COMMISSIONER OF SIAE. HE WAS APPOINTED TO BRING SIAE OUT OF A DEEP FINANCIAL CRISIS BY INCREASING REVENUES AND CUTTING EXPENDITURES. THIS HE HAS DONE. ASKED ABOUT HIS FUTURE ROLE, MASI INDICATED THAT SIAE WOULD ELECT A BOARD AND CHAIRMAN BY SEPTEMBER 2003. WHILE HE WILL PROBABLY NOT BE THE NEW CHAIRMAN, MASI SAID HE WOULD MOST LIKELY CONTINUE TO SIT ON THE SIAE BOARD.

5. (SBU) COMMENT: IN HIS DUAL ROLE -- COMMISSIONER OF SIAE AND SENIOR OFFICIAL IN THE PRIME MINISTER'S OFFICE FOR COPYRIGHT POLICY -- MASI HAS SHOWN FAR MORE INTEREST IN IMPROVING SIAE'S FINANCIAL SITUATION THAN IN FIGHTING PIRACY. WE WOULD HOPE THAT HIS CHANGED ROLE AT SIAE WILL MEAN A CHANGE IN HIS PRIORITIES.

6. (SBU) REGARDING IPR ENFORCEMENT MORE GENERALLY IN ITALY, THE GUARDIA DI FINANZA (FINANCE POLICE) HAS WORKED CLOSELY WITH THE IPR INDUSTRY AND THE MISSION FOR THE LAST SEVERAL YEARS TO FIGHT COPYRIGHT PIRACY. THE CARABINIERI (NATIONAL MILITARY POLICE) HAVE MADE INCREASING EFFORTS AS WELL. THERE ARE NOW FREQUENT ARRESTS FOR COPYRIGHT PIRACY. HOWEVER, ITALIAN JUDGES ARE ALMOST ALL UNWILLING TO SENTENCE INDIVIDUALS TO PRISON FOR COPYRIGHT PIRACY. SO LONG AS CRIMINALS KNOW THAT THEY FACE NO REAL POSSIBILITY OF JAIL TIME, PIRACY RATES WILL NOT FALL.

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